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Federal Communications Commission
Office of Secretary

**Proposal of
National Exchange Carrier Association, Inc.
as**

**Billing and Collection Agent
for the
North American Numbering Plan**

**Contact: Paul Grabow, Director - Planning and Service Development
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April 3, 1997

NECA
**NATIONAL EXCHANGE
CARRIER ASSOCIATION**

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Proposal of
NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
as
Billing and Collection Agent
for the
North American Numbering Plan

Section 1. Proposal Overview

The National Exchange Carrier Association, Inc. (NECA), submits this Proposal to address the Billing and Collection Agent - North American Numbering Plan (NANP) Administration **Requirements Document** dated February 20, 1997. Specifically, NECA is hereby applying to perform the Billing and Collection Agent functions (Part 2 only). NECA stands ready to implement this Proposal as authorized and directed by the NANC and the FCC.

NECA, a not-for-profit association incorporated in the State of Delaware, was created in 1983 by order of the Federal Communications Commission (FCC) and its functions are authorized under Part 69 and Part 64 of the FCC's rules and regulations. See 47 C.F.R. § 69.601 et seq., and §64.604, subpart F. Under these rules, NECA is responsible for administering the Federal Universal Service Fund and Lifeline Assistance programs, the interstate common line and traffic sensitive access charge pools, and the interstate Telecommunications Relay Services (TRS) Fund. Additionally, NECA is authorized by the FCC to administer state funding programs. NECA is now responsible for administration of state universal service funds in Vermont, Kansas, and Arizona. NECA is a private corporation and not an arm of the United States government.¹

¹ Selection of NECA to perform this activity will confer no advantage to the NANC or FCC as related to NECA's other authorized activities.

As a result of NECA's charter and experience gained in accomplishing its objectives, NECA believes it is uniquely qualified to meet the billing and collection needs of the NANP and so demonstrates in this proposal. While utilizing the synergy and experience with current NECA fund operations, separate and distinct operations will be established for the NANP. Advantages include timely implementation, in-place procedures with proven results and low start-up cost.

1. NECA offers broad relevant experience. Administration of the NANP funding is a logical extension of NECA core competencies. NECA administers the federal Universal Service Fund (USF), federal Lifeline Assistance programs, and the national interstate TRS shared fund of over 3000 contributors, as well as the state USF's in Vermont, Kansas, and Arizona. In the course of these responsibilities, NECA routinely manages collection and disbursement of funds, in strict compliance with established rules.
2. NECA will be able to establish and operate the NANP billing and collection quickly and in an economic, cost-efficient manner. Under current federal provisions, most telecommunications service providers participate in data submission, cash flow, and/or settlements functions with NECA. Thus, expertise and knowledge necessary to accomplish these functions for the NANP billing and collection are already in place and can be extended to non-US participants in the NANP.
3. NECA is prepared to meet NANP operations needs. Current functions require banking relationships to manage settlement operations, federal USF funds flows, Lifeline distributions, and TRS fund receipts and disbursements, as well as collections, investment, and disbursement of funds for state universal service funds. As a consequence, billing and collection systems, funds transfer mechanisms and

temporary cash investment processes are all in place and operating. Similar (but separate) processes would be utilized for NANP billing and collection.

4. NECA is customer-focused and service-oriented, while maintaining a neutral, unbiased stance with respect to FCC rules. The same high standards for integrity, customer service, and application of Commission regulations would apply to NECA's administration of the NANP billing and collection program.
5. NECA has the best resources to do the job. NECA has assembled and developed a staff of skilled personnel familiar with all aspects of regulation, settlements and banking functions associated with the telecommunications industry. These collective skills are unique to a single organization chartered to perform services for the industry. As will be shown below, the resources assigned to the NANP billing and collection would have these requisite skills. NECA is in an excellent position to provide services of the highest quality to NANC and the FCC at the lowest reasonable costs.

The proposal is divided into six sections; **Section 1 - Proposal Overview** describes NECA's qualifications and intention to perform the Billing and Collection Agent functions and (with the exception of the independent bank) no subcontractors will be utilized. **Section 2 - Respondent Information** describes NECA's business and structure, provides required financial information and references. **Section 3 - Proposal Details** provides detailed response to Agent requirements. **Section 4 - Compliance Matrix** contains a high level summary of the proposal. **Section 5 - Pricing** includes the projected 5 year pricing. **Section 6 - Appendix** contains referenced Attachments.

Questions or requests for clarification of this proposal may be directed to:

Paul Grabow, Director - Planning and Service Development

National Exchange Carrier Association, Inc. (NECA)

100 S. Jefferson Road, Room 1D-20

Whippany, NJ 07981

Phone: 201-884-8292; Fax: 201-884-8265

Section 2. Respondent Information

Description of Respondent's Business

1. Name & Address of Respondent

The National Exchange Carrier Association, Inc. (NECA) is headquartered at 100 South Jefferson Road, Whippany, New Jersey 07981. NECA also maintains regional offices, located in Whippany, New Jersey; Alpharetta, Georgia; Chicago, Illinois; Denver, Colorado; St. Louis, Missouri; Omaha, Nebraska; and Concord, California.

2. Duration and Extent of Service Experience

NECA has been in the forefront of the development and implementation of federal and state programs supporting universal service for its entire history. NECA has managed the administration of the FCC's Universal Service Fund since its inception in 1986; administration of the FCC's Lifeline Assistance program, also since 1986; planning, implementation, and administration of the nationwide Interstate Telecommunications Relay Services (TRS) Fund since 1993; planning, implementation and administration of the Vermont Universal Service Fund since its inception in October 1994, and planning implementation and administration of the Kansas and Arizona universal service funds since their inceptions in early 1997. In addition, NECA manages the FCC's Interstate Access Charge Plan, including development, maintenance and defense of interstate access tariffs on behalf of more than 1200 local exchange carriers; and the development and implementation of the Interstate Access Revenue Pools and Settlement Operations for these same exchange carriers.

Respondent Financial Information

Attachment I includes NECA's most recent independent auditor report of Consolidated Statements of Financial Position by Arthur Anderson LLP.

Additional Information

1. Neutrality

In accordance with the neutrality criteria identified in the Requirements Document, NECA's billing and collection activities can be accomplished in a completely neutral and unbiased manner.

Specifically,

- a) NECA is not an affiliate of any telecommunications service provider as defined in the Telecommunications Act of 1996.
- b) NECA is a not-for-profit association with no outstanding long term debt. Ongoing relationships with telecommunications service providers exist for the purposes of administering the interstate access charge system, the federal TRS and universal service programs. NANP billing and collection program information, data, and details would be maintained separately and isolated from other NECA activities. Administration of the NANP billing and collection would be conducted in a neutral unbiased manner, strictly in accordance with NANC and FCC rules.
- c) NECA's role as Billing and Collection Agent will not be subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities. In fact, bifurcating the Billing and Collection Agent's responsibilities in a separate organization like NECA from the NANPA responsibilities helps to assure neutrality.

2. Office and Individuals Responsible for Fund Management

NECA's administration of the NANP billing and collection would be conducted from its headquarters in Whippany, New Jersey. Overall responsibility for NECA's administration of the NANP billing and collection would reside with the Director - Universal Service Fund and Support Programs. Additional information is presented in Section 9.4 Staffing Requirements of this Proposal.

3. Separation of Duties & Protection of Assets

NECA will establish a separate responsibility center for purposes of tracking and accounting for expenses related to its administration of the NANP billing and collection. Additionally, separate department responsibilities will be assigned as follows: Administration (carrier & vendor interface; data submission, verification and analysis; fund balance reporting; interface with the NANC and FCC) will reside in NECA's Universal Service Fund & Support Programs department; Cash Management, Investments, Fund Disbursements, Billing & Collection in NECA's Treasury Operations Department; and Financial Reporting & General Ledger in NECA's General Accounting Department.

List of Company Officers

The NECA Officers and Board of Directors are identified with their titles and responsibilities in the enclosed copy of NATIONAL EXCHANGE CARRIER ASSOCIATION, INC. --

1997 Company Officers and Board of Directors.

Performance Bond

NECA is bonded in the amount of \$20,000,000. This fiduciary protection extends to all NECA functions, and would cover activities of NECA staff in administering the NANP billing and collection.

NECA's principal liability insurance is provided by The Hartford Insurance Company, and affords coverage up to \$1,000,000 for each occurrence. Additionally, NECA maintains an umbrella liability policy, underwritten by Federal Insurance Company, for \$25,000,000.

Legal and Regulatory Proceedings

On January 10, 1997, NECA submitted a proposal to the FCC (CC Docket No. 96-45) to create a new subsidiary universal service administration company (USAC) that would be responsible for administering new universal service programs. The proposed USAC would have a balanced, representative board that would be based on Commission recommendations and would include representation from the NECA Board and from schools, libraries and health care providers. Since the USAC's board would have "significant, meaningful representation" from non-incumbent LECs, it would be eligible to serve as temporary administrator of the Commission's new universal service programs. Under NECA's January 10, 1997 plan, the USAC would be divested from NECA when and if it is selected as permanent administrator. With FCC concurrence the NANP Billing and Collection Agent responsibilities could ultimately be carried out in the USAC.

NECA itself would continue to file and defend the access charge tariffs and administer the pooling revenue distribution process. Thus, rule changes altering NECA's board composition or membership for purposes of universal service administration would not be necessary. Other changes to Commission rules regarding NECA could be considered at a later date, following resolution of Commission proceedings on universal service, access reform for rate of return LECs, and separations reform.

Upon NANC selection of NECA as the NANP Billing and Collection Agent, FCC authorization would be requested.

References and Reference Data Sheet

The following excerpts attest to the quality of NECA's performance and qualifications in discharging its responsibilities:

The Wyoming Public Service Commission Comments in CC Docket No. 96-45 filed April 12, 1996 regarding administration of the federal universal service fund stated " We suggest that the National Exchange Carrier Association, (NECA) be used.....it has an important base of knowledge and experience in analogous matters as well as a history of providing stable, reliable and accurate service to the industry".

The Indiana Utility Regulatory Commission Comments in CC Docket No. 96-45 filed April 12, 1996 regarding administration of the federal universal service fund stated "As administrator of the existing Universal Service Fund, the National Exchange Carrier Association (NECA) has demonstrated its proficiency in meeting the conditions specified in the Notice". And "...changes in the structure of the Universal Service Fund ...will best be accomplished administratively by using the current administrator - NECA".

"When the Commission first sought ways to administer a shared funding mechanism for TRS, no party (other than NECA) offered any workable proposals or solutions, despite the Commission's long process to identify them. Ultimately, the Commission chose NECA on the basis of its proven record in managing other funds on behalf of the

telecommunications industry.” National Association for State Relay Administration (NASRA), filed for NASRA by William Lamson, Chairman, in CC Docket 90-571, TRS Fund Administration, March 6, 1995.

“Recently the (interstate TRS) advisory council voted to recommend to the Commission that NECA continue in the (interstate TRS Fund) administrator role. NECA has been diligent in providing information as required to the council, and by all accounts has managed the fund according to the Commission's rules... .”

“...because NECA has demonstrated its expertise and competence as fund administrator, TDI recommends that the Commission re-appoint NECA as fund administrator... .”

Telecommunications for the Deaf, Inc. (TDI), filed for TDI by Alfred Sonnenstrahl, Executive Director, in CC Docket 90-571, TRS Fund Administration, March 6, 1995.

“....NECA was one of seven organizations that bid on the (Vermont Universal Service Fund) project. The selection criteria included both price and anticipated quality of work. The Vermont PSB said ... NECA was favored for its familiarity with the telecommunications industry, prior experience with similar funding arrangements, and understanding of Vermont's requirements.” Vermont PSB - authorized press release, National Exchange Carrier Association, Inc.,(NECA) announcing NECA's selection as Vermont USF Fiscal Agent.

“The MoPSC (Missouri PSC) supports the FCC's continued administration of the USF through the National Exchange Carrier Association.” CC Docket 80-286 In the Matter of

Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board;
Comments of Missouri Public Service Commission, filed October 6, 1995.

REFERENCE DATA SHEET

The following individuals may be contacted for confirmation of NECA's administrative capabilities:

1. COMPANY NAME State of Vermont Public Service Board
Contact Person Peter Bluhm Phone 802-828-2358
Address 89 Main Street, Drawer 20
City Montpelier State VT Zip + 4 05620-2701
Brief description of services provided Administration (Fiscal Agent) of
Vermont USF
2. COMPANY NAME Kansas Corporation Commission
Contact Person Ross Miller Phone 913-271-3198
Address 1500 SW Arrowhead Road
City Topeka State Kansas Zip + 4 66604-4027
Brief description of services provided Administration of Kansas Universal
Service Fund
3. COMPANY NAME Kansas Relay Service, Inc.
Contact Person Rob Hodges Phone 913-234-0307
Address 700 S. W. Jackson, Suite 704
City Kansas City State Kansas Zip + 4 66603-3758
Brief description of services provided Administration of Interstate
Telecommunications Relay Service Fund
4. COMPANY NAME AT&T
Contact Person Maripat Brennan Phone 908-231-6196
Address 745 Route 202/206
City Bridgewater State NJ Zip + 4 08807
Brief description of services provided Administration of Interstate
Telecommunications Relay Service Fund.

Section 3. Proposal Details

The following paragraphs correlate with the specific Billing and Collection Agent sections contained in the Requirements Document and as identified in Section 8.0..

Section 1.1 Introduction

The National Exchange Carrier Association Inc. (NECA), submits this Proposal to address the Billing and Collection Agent - North American Numbering Plan (NANP) Administration **Requirements Document** dated February 20, 1997. Specifically, NECA is willing to accept a recommendation that assigns Billing and Collection Agent functions (Part 2 only), contingent upon NANC and FCC appointment². NECA stands ready and available to implement this Proposal as directed by the NANC and the FCC.

Section 1.2 Neutrality

In accordance with the neutrality criteria identified in the Requirements Document, NECA's billing and collection activities can be accomplished in a completely neutral and unbiased manner. Specifically,

- a) NECA is not an affiliate of any telecommunications service provider as defined in the Telecommunications Act of 1996.
- b) NECA is a not-for-profit association with no outstanding long term debt. Ongoing relationships with telecommunications service providers exist at NECA for the purposes of administering the interstate access charge system, the federal TRS and universal service programs. NANP billing and collection

² Upon NANC selection of NECA as the NANP Billing and Collection Agent, FCC authorization would be requested.

program information, data, and details would be maintained separately and isolated from other NECA activities. Administration of the NANP billing and collection would be conducted in a neutral unbiased manner, strictly in accordance with NANC and FCC rules.

c) NECA's role as Billing and Collection Agent will not be subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities. In fact, bifurcating (in a separate organization like NECA) the Billing and Collection Agent's responsibilities from the NANPA responsibilities helps to assure neutrality.

Section 1.3 Term of Administration

NECA concurs with the 5 year term of administration. At some future time, these functions may be transferred to a new subsidiary universal service administration company (USAC) that would be responsible for administering new universal service programs. (See Section 2, Legal and Regulatory Proceedings).

Section 1.4 Valid Period for Respondent Proposals

This proposal is valid for a period of twelve months beginning April 3, 1997.

Section 1.5 Impacts of Regulatory and Industry Activities

It is recognized that in the future, regulatory authorities may issue rules, requirements or policy directive which may increase, decrease or otherwise impact the functions performed by the new NANPA and Billing and Collection Agent.³

³ NECA reserves the right to discuss and renegotiate its fees as a result of significant changes in its functions.

Section 1.6 Performance Review Process

Performance review of NECA's Billing and Collection Agent's activities by the NANC is openly welcomed and encouraged. Routine audits by independent third parties will provide additional assurance of complete compliance with NANC and FCC requirements.

Section 1.7 Termination for Non-Performance

Termination for non-performance of duties is understood and accepted.

Section 1.8 Preparation and Submission of Proposals

Guidelines for the Preparation and Submission of Proposals have been reviewed and accepted.

Section 1.9 Evaluation of Proposals

Guidelines for the Evaluation of Proposals have been reviewed and accepted.

Section 1.10 Schedule

The schedule of planned events has been reviewed and accepted.

Section 1.11 Confidentiality and Use of Information

NECA agrees with the requirements for Confidentiality and Use of Information.

Section 1.12 Inquiries

NECA agrees with the requirements for Inquiries.

Section 2.0 Proposal Outline

NECA agrees with the guidelines for the Proposal Outline. These guidelines have been followed in the preparation of this Proposal.

Section 6.0 Dispute Resolution

NECA understands the uncertainties associated with Dispute Resolution described in the Requirements Document and the lack of a NANC process at this time. Procedures for addressing billing and collection of funds for NANP are described in this proposal. It is proposed that these will be carried out until NANC determines revised procedures are needed.⁴

Section 8.0 Billing and Collection Agency Functional Requirements

This Proposal addresses the functional requirements identified in Section 8.1-Introduction. Further NECA understands the description of general responsibilities associated with the Billing and Collection Agency functional requirements as provided in Section 8.2- General Responsibilities.

Section 8.3 Qualities and Attributes

NECA possesses strong qualities, attributes and relevant knowledge pertaining to billing, collection and fund administration activities. This is evident from the NECA's administration of the FCC's Universal Service Fund since its inception in 1986; administration of the FCC's Lifeline Assistance program, also since 1986; planning, implementation, and administration of the nationwide Interstate Telecommunications Relay Services Fund since 1993; planning, implementation and administration of the

⁴ NECA reserves the right to discuss and renegotiate its fees as a result of significant changes in its functions.

Vermont Universal Service Fund since its inception in October 1994; planning implementation and administration of the Kansas and Arizona USF's since their inceptions in early 1997; as well as management of the FCC's Interstate Access Charge Plan, including development, maintenance and defense of interstate access tariffs on behalf of more than 1200 local exchange carriers; and the development and implementation of the Interstate Access Revenue Pools and Settlement Operations for these same exchange carriers.

Section 8.4 Billing and Collection Agency Functional Requirements (paragraph numbers of the Requirements being addressed are indicated in **bold**)

1 -4. NECA is experienced in developing standardized Reporting Worksheets. For example, NECA's Universal Service Fund data collection form and instructions have been used by exchange carriers to report annual cost data to NECA since 1985 and NECA has worked closely with the FCC on its Form 431 used for collection of revenue data to determine contributions for interstate TRS. NECA annually collects data and payments from the more than 3000 contributors to TRS. Similar worksheets and processes have been developed and implemented for state universal service funds in Vermont, Kansas and Arizona. Data has been received and effectively utilized in calculation of respective assessment amounts for these programs.

5 - 10. On an ongoing basis and using an approved formula, NECA will compute and bill each contributing entity their appropriate amount.⁵ To expedite the funds collection process,

⁵ For administrative simplicity, NECA proposes that small revenue carriers be allowed to pay

NECA proposes that the FCC emulate the collection processes used for TRS and its own Regulatory Fees, both of which use revenues as the basis for determining the level of carrier funding required.⁶ The FCC in its Order could establish the initial contribution factor formula based on its own estimate of total gross telecommunications service revenues net of payments to other carriers⁷, and introduce the Worksheet described above into the record. The Worksheet would be completed by service providers and submitted to NECA along with their initial payment based on the carrier's revenue. This data would be used by NECA to verify and track receipt of future payments. A similar process is recommended for receipt of payments from countries based on population.

NECA will perform monthly tracking of carrier payments, late payment charges⁸, fund disbursements, interest earned, and cumulative results. NECA will maintain records by

on a quarterly or perhaps semi-annual schedule. Similarly, carriers whose assessment is calculated at \$100 or less could be required to pay this amount once annually. This would simplify administration and reduce the burden on the carriers.

⁶ The FCC Form 431 requires all interstate telecommunications providers to submit to the administrator, their total and interstate revenues for the prior calendar year. For the past two years the FCC has instructed providers to use the Form 431 revenues as the starting point for calculation of their FCC regulatory fees. These fees are determined by subtracting payments to other carriers from their TRS reported revenues and applying an FCC predetermined factor to the remainder to determine payment. NECA has received authorization from the FCC to utilize the TRS reported data in the processing of regulatory fees for any interested carrier, and believes that similar authorization would be appropriate for the purpose of calculating NANPA fees.

⁷ A close approximation could utilize available TRS 431 gross revenue data (currently collected annually by NECA) combined with estimates of revenues paid to other carriers used for calculating regulatory fees. In the longer term, since this revenue assessment collection methodology has been proposed for other new universal service programs, collecting revenue and payment data once from the providers could prove to be more cost effective for all parties.

⁸ NECA will be prepared to administer late payment charges as prescribed by the NANC and FCC, and will add these charges to the delinquent carrier(s)' next bill. Notices of delinquency and reasonable efforts to obtain collections will be employed. If these efforts fail, NECA will refer delinquencies to the NANC and FCC to determine appropriate legal action.

contributor and by recipient in each program. Information summarizing delinquencies, amounts in arrears, number of days delinquent, and associated interest penalties will be available to the NANC and FCC in detail upon request.

Additionally, NECA will maintain a balance sheet and income statement for the total fund, and a sources and uses of funds statement, which will tie to the total fund income statement.

11. NECA proposes to operate the fund on a payment-after-collection basis to eliminate the need for borrowing of funds.⁹ NECA will assist NANC and the FCC with initial planning to establish a contribution assessment factor that results in some “over funding” of the required NANP fund. It is recommended the contribution factor be calculated to include reasonable amounts for delayed payments, uncollectibles, and uncertainties in forecasted revenues, in addition to identified NANPA, independent auditing and administrative expenses.¹⁰ During fund operations, if NECA projects that, as a result of data analyses, fund disbursements will exceed receipts for a given period, NECA will advise the NANC and FCC so that it may consider appropriate action. Likewise, any excess funds and interest income on NANP fund balances would be credited to the fund and offset future collection requirements.

12. Utilizing the methodology described in 5-11 above, the Billing and Collection Agency function can be implemented within 90 days of NECA being selected.

⁹ NECA, as a not-for-profit association, cannot risk losses through such borrowing, however small that risk might be.

¹⁰ This approach worked very effectively when the FCC and NECA initiated the interstate TRS fund.

13. NECA will instruct contributors to remit their payments directly to a secure lockbox established solely for the NANP in the Mellon Bank, Pittsburgh, Pennsylvania. The bank will provide NECA with a cash report daily. NECA proposes to require contributors to remit payments by check or wire transfer. As may be required by the NANC and FCC, payments will be due by the same day of each month.

Any significant NANP account balances will be invested in secure short-term instruments designed to minimize risk while providing maximum liquidity. NECA's investment program has customarily achieved investment returns exceeding those of standard money market measures such as Federal Funds rate, 90-day Treasury Bill rate, and Donoghue money market funds average.¹¹ NANP monies will be tracked as a separate and unique account, and earnings of the NANP will be used only to offset NANP requirements, to reduce future fund requirements, or as otherwise directed by the NANC and FCC. NECA understands that the NANC and FCC shall determine disposition of surplus monies. NECA will report quarterly on fund balance and fund activity to the NANC and FCC, so that timely decisions on the use of surplus fund amounts can be made.

¹¹ The 1996 earnings for these funds, for comparison purposes, were: Federal Funds=5.34%; Treasury Bills= 5.01%; Donoghue = 4.82%; and NECA Average Investment Rate = 5.34%. While these recent earnings results are modest (and are not guarantees of future performance), NECA strives to obtain maximum return and maximum security on its short-term investments, with optimum liquidity. Attachment II - Excerpts from "Guidelines for Temporary Investments of NECA" provides criteria and restrictions for such investments.

14. NECA will disburse funds to NANPA on a monthly schedule, or at other times at the direction of the NANC and FCC. The method of payment will be by check or wire transfer, unless otherwise directed by the NANC and FCC. NECA responsibilities for cash disbursement are organizationally separate from responsibilities for fund accounting, and from general accounting. Managers assigned to these various functions have distinct lines of reporting.

15. An annual report of payments received, and administrative and operating expenses associated with numbering administration paid out, will be filed with the FCC and other national government authorities as appropriate.

16. NECA will establish appropriate procedures and maintain records to ensure fund operational integrity. Following format approval by NANC, NECA will provide quarterly reports for the periods ending on March 31, June 30, Sept. 30 and December 31 summarizing carrier payments, late payment charges, fund disbursements, interest earned, and cumulative results to demonstrate compliance with NANC and FCC requirements.

17. NECA accounts, financial records and reports on the NANP billing and collection will be maintained according to Generally Accepted Accounting Principles (GAAP). A third party independent audit will be arranged after the first year and every two years thereafter. As done with TRS, an audit of the financials and specific agreed upon procedures developed by NECA as approved by NANC and the FCC is recommended. NECA will coordinate establishment of the specific requirements to support the audit. The audit fees would be paid out of the funds collected by NECA.

Additional Information. NECA will promptly respond to incidental or occasional NANC and FCC requests for routine information maintained by NECA in the course of its NANP billing and collection administration. NECA reserves the right to recover any extraordinary costs of producing and furnishing non-routine information, testimony or special reports.¹²

Section 9.1 Hours of Operation

The resources for NECA's Billing and Collection Agent activities will be available a minimum of five days a week, eight hours a day. To address the fact that the NANP serving area covers several time zones, NECA will fully support the use of voicemail, Internet E-mail, NECA's web-site and facsimile services on a 24 hour basis to support full communications.

Section 9.2 Telecommunications Requirements

All NECA headquarters personnel utilize D.I.A.L voice mail communications. In addition, each key NECA employee assigned to NANP functions will have complete E-mail capability through the Internet and facsimile services.

Section 9.3 Security Requirements

NECA data bases created exclusively for administration of the NANP billing and collection will be separate and distinct from all other data bases maintained by NECA. Data provided to, used or

¹² Expenses for routine fund administration and collection/payment of monies using the methodology proposed herein are included. Although not anticipated, extraordinary activities authorized by the NANC and FCC, for example, such as court activities associated with fund administration, participation in lawsuits or collection proceedings would be recovered at daily rates plus expenses.

developed by NECA in its administration of NANP billing and collection will be provided only to the NANC and FCC, or the independent auditor. Only authorized NECA staff will have access to these data. NECA will hold all company-provided data as proprietary and will not disclose such Company-specific information except as authorized or directed by the NANC and FCC.

NECA utilizes several mechanisms to safeguard proprietary information including physical and data access controls, signed non-disclosure agreements, contractual agreements and employee education and awareness programs to ensure that data accumulated from individual companies are protected from unauthorized disclosure.¹³ Each employee of NECA is required to sign a non-disclosure agreement relative to protection of proprietary information (See Attachment III - NECA Non-disclosure Agreement). Similar proprietary protection provisions are extended to NECA's handling of data owned by the interstate Telecommunications Relay Service (TRS) fund contributors and service providers; and state USF participants; and would also be extended to NANP data. In addition, proprietary protection of member company pooling data is spelled out in Distribution Agreements signed by NECA and member exchange carriers (Attachment IV - Distribution Agreement). NECA considers paramount the protection of non-public data entrusted to it for purposes of managing its responsibilities.

NECA's Disaster Recovery Plan requires that all systems, databases, and applications file structures, throughout the enterprise, are backed-up each business day. A copy of each back-up is transported off-site to a secure fireproof location. In addition, NECA maintains an on-going contract

¹³ In the more than thirteen years history of NECA, there have been no failures in our controls for protection of proprietary information.